

Company Registration No. 05071764 (England and Wales)

**SECRET GROUP LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

## SECRET GROUP LIMITED

### COMPANY INFORMATION

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<b>Directors</b>	F Riggall R Mathews S Skinner C Huey N Blackford M Alexander
<b>Company number</b>	05071764
<b>Registered office</b>	7 Savoy Court London WC2R 0EX
<b>Auditor</b>	Baldwins Audit Services Unit N Ivanhoe Business Park Ivanhoe Park Way Ashby de la Zouch Leicestershire LE65 2AB

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## SECRET GROUP LIMITED

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## SECRET GROUP LIMITED

### STRATEGIC REPORT

#### FOR THE YEAR ENDED 31 DECEMBER 2019

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The directors present the strategic report for the Year ended 31 December 2019.

#### Fair review of the business

The principal activity of the company during the year was the production of original, live, immersive shows, under licencing agreements with major film and content studios bringing popular titles into a physical world.

The revenue for the year amounted to £15.8 million, up 46% on a proforma 2018. The loss for the year, after taxation, amounted to £2,933,880 (9 months to 31 December 2018: £1,355,386)

The company's strategy is to continue to develop shows to be initially launched in the UK, which are then transferred to international markets. It is in the early stage of international expansion and launched its first show in Shanghai, China, in late 2019. The increase in overheads in the year reflects investment made to support this growth strategy.

The result for 2019 includes the impact of our *Casino Royale* show as well as the first part of the *Stranger Things* production. Both had a lower margin due to the additional investment necessary to make these both ready for international transfer. The 2018 results had the benefit of the profitable Summer Show *Romeo + Juliet*.

#### Principal risks and uncertainties

The company's future success is dependent on the continuing the growth in audience size, with incremental revenue over a fixed cost base enabling the company to reach successful profitability.

The principal risks and uncertainties faced by the company relate to ticket sales. With established relationships with the major global studios, the company has access to the best popular titles and can leverage their marketing power. The company has also invested in the Marketing team and tools to effectively increase ticket sales.

The impact of the pandemic outbreak of COVID-19 in 2020 has had a significant impact on the arts sector with all theatres temporarily closing and furloughing staff. More details are provided in the Directors Report.

#### Development and performance

The company has experienced significant revenue growth in 2019, with a successful slate of productions. The *Casino Royale* show was the largest show in the company's history, while *Stranger Things* was the first TV based show. The company also worked with a partner in China to launch the Bond show in November 2019.

The company entered into long term agreements with Disney and Netflix which provide ongoing access to premium content.

#### Key performance indicators

The key financial performance indicators are those that communicate the financial performance of the company as a whole, these being turnover and profit/loss for the year after taxation.

Turnover increased from £10,750,815 to £15,768,942 whilst loss after tax has increased from £1,355,386 to £2,933,880.

On behalf of the board

M Alexander

**Director**

24 July 2020

## SECRET GROUP LIMITED

### DIRECTORS' REPORT

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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The directors present their annual report and financial statements for the Year ended 31 December 2019.

#### **Directors**

The directors who held office during the Year and up to the date of signature of the financial statements were as follows:

F Riggall  
R Mathews  
S Skinner  
C Huey  
N Blackford  
M Alexander

#### **Results and dividends**

The results for the Year are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

No preference dividends were paid.

#### **Financial instruments**

##### ***Financial Risk Management Objectives and Policies***

The company's principal financial instruments comprise bank balances, trade creditors and trade debtors.

Due to the nature of the financial instruments used by the company, there is limited exposure to price risk arising from exchange variances with the activity being predominantly UK based.

The company has adequate bank balances to eliminate liquidity risk.

Trade debtors are managed in respect of credit and cash flow risk by the regular monitoring of amounts outstanding and adherence to partnership contracts.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

#### **Post reporting date events**

Following the year end the global outbreak of COVID-19 has disrupted the company's production schedule. The company has acted to mitigate the adverse impact by reducing the cost base and leveraging Government initiatives such as the Job Retention Scheme.

The directors meet on a regular basis to review the profit and cashflow projections (which have been prepared for a period of at least 12 months from the sign off date of these financial statements), make decisions on actions and understand any additional funding requirements. There remains uncertainty as to when the UK lockdown will be lifted and live events permitted. The company is working on socially-distanced revenue generating initiatives to maintain the business during this period, and actively seeking further investment to enable the company to continue to meet its financial obligations as they fall due for at least a period of 12 months from the signing of these financial statements.

#### **Group concern**

As disclosed in note 1.2 to the financial statements there is a material uncertainty in relation to going concern. However we believe that the company's financial statements should be prepared on a going concern basis.

**SECRET GROUP LIMITED**

**DIRECTORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2019***

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**Auditor**

In accordance with the company's articles, a resolution proposing that Baldwins Audit Services be reappointed as auditor of the company will be put at a General Meeting.

**Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

M Alexander  
**Director**

24 July 2020

## **SECRET GROUP LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 DECEMBER 2019***

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The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## SECRET GROUP LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SECRET GROUP LIMITED

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#### Opinion

We have audited the financial statements of Secret Group Limited (the 'company') for the Year ended 31 December 2019 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the Year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Material uncertainty related to going concern

We draw attention to note 1.2 in the financial statements, which indicates that the outbreak of the COVID-19 pandemic has materially and adversely affected the ability of the company to supply its shows. As stated in note 1.2, these events and conditions, along with other matters as set forth in note 23, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

#### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial Year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

## SECRET GROUP LIMITED

### INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF SECRET GROUP LIMITED

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#### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**Miss Lisa Emery (Senior Statutory Auditor)**  
for and on behalf of Baldwins Audit Services

4 August 2020

**Statutory Auditor**

Unit N  
Ivanhoe Business Park  
Ivanhoe Park Way  
Ashby de la Zouch  
Leicestershire  
LE65 2AB

**SECRET GROUP LIMITED****PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	Year ended 31 December 2019 £	Period ended 31 December 2018 as restated £
<b>Turnover</b>	<b>3</b>	15,768,942	10,750,814
Cost of sales		(15,678,870)	(10,015,412)
<b>Gross profit</b>		90,072	735,402
Administrative expenses		(4,348,944)	(2,522,130)
Exceptional item	<b>4</b>	-	(1,800)
<b>Operating loss</b>	<b>5</b>	(4,258,872)	(1,788,528)
Interest receivable and similar income	<b>8</b>	16,724	6,375
<b>Loss before taxation</b>		(4,242,148)	(1,782,153)
Tax on loss	<b>9</b>	1,308,268	426,767
<b>Loss for the financial Year</b>		(2,933,880)	(1,355,386)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

**SECRET GROUP LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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	Year ended 31 December 2019 £	Period ended 31 December 2018 £
Loss for the Year	(2,933,880)	(1,355,386)
Other comprehensive income	-	-
<b>Total comprehensive income for the Year</b>	<u>(2,933,880)</u>	<u>(1,355,386)</u>

## SECRET GROUP LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2019

	Notes	2019		2018 as restated	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	10		844,560		93,460
Investments	11		2		2
			844,562		93,462
<b>Current assets</b>					
Stocks	13	64,271		15,667	
Debtors	14	3,686,846		906,948	
Cash at bank and in hand		3,667,371		8,875,423	
		7,418,488		9,798,038	
<b>Creditors: amounts falling due within one year</b>	15	(6,267,894)		(4,962,641)	
<b>Net current assets</b>			1,150,594		4,835,397
<b>Total assets less current liabilities</b>			1,995,156		4,928,859
<b>Capital and reserves</b>					
Called up share capital	18		2,000		1,823
Share premium account	19		13,098,588		13,098,588
Capital redemption reserve	20		24		24
Profit and loss reserves	21		(11,105,456)		(8,171,576)
<b>Total equity</b>			1,995,156		4,928,859

The financial statements were approved by the board of directors and authorised for issue on 24 July 2020 and are signed on its behalf by:

M Alexander  
Director

Company Registration No. 05071764

## SECRET GROUP LIMITED

## STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
<b>As restated for the period ended 31 December 2018:</b>						
<b>Balance at 1 April 2018</b>		1,331	9,099,065	24	(6,816,190)	2,284,230
<b>Period ended 31 December 2018:</b>						
Loss and total comprehensive income for the period		-	-	-	(1,355,386)	(1,355,386)
Issue of share capital	18	492	3,999,523	-	-	4,000,015
<b>Balance at 31 December 2018</b>		1,823	13,098,588	24	(8,171,576)	4,928,859
<b>Period ended 31 December 2019:</b>						
Loss and total comprehensive income for the period		-	-	-	(2,933,880)	(2,933,880)
Issue of share capital	18	177	-	-	-	177
<b>Balance at 31 December 2019</b>		2,000	13,098,588	24	(11,105,456)	1,995,156

## SECRET GROUP LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019		2018 as restated	
		£	£	£	£
<b>Cash flows from operating activities</b>					
Cash (absorbed by)/generated from operations	26				
			(1,580,307)		1,597,132
Income taxes refunded			429,449		567,111
			<u>          </u>		<u>          </u>
<b>Net cash (outflow)/inflow from operating activities</b>			(1,150,858)		2,164,243
<b>Investing activities</b>					
Purchase of tangible fixed assets		(4,074,095)		(689,516)	
Proceeds on disposal of tangible fixed assets		-		7,420	
Interest received		16,724		6,375	
		<u>          </u>		<u>          </u>	
<b>Net cash used in investing activities</b>			(4,057,371)		(675,721)
<b>Financing activities</b>					
Proceeds from issue of shares		177		4,000,015	
		<u>          </u>		<u>          </u>	
<b>Net cash generated from financing activities</b>			177		4,000,015
			<u>          </u>		<u>          </u>
<b>Net (decrease)/increase in cash and cash equivalents</b>			(5,208,052)		5,488,537
Cash and cash equivalents at beginning of Year			8,875,423		3,386,886
			<u>          </u>		<u>          </u>
<b>Cash and cash equivalents at end of Year</b>			<u>3,667,371</u>		<u>8,875,423</u>

## SECRET GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 1 Accounting policies

##### Company information

Secret Group Limited is a private company limited by shares incorporated in England and Wales. The registered office is 7 Savoy Court, London, WC2R 0EX.

##### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company's subsidiaries are neither, nor in total material to the group. Consequently consolidated financial statements have not been prepared. The financial statements present information about the company as an individual entity and not about its group.

##### 1.2 Going concern

These financial statements are prepared on the going concern basis. The directors have a reasonable expectation that the company will continue in operational existence for at least a period of 12 months from the sign off date of the financial statements. In making this assessment, material uncertainties exist as a result of the consequences of the COVID-19 outbreak that may cast significant doubt upon the entity's ability to continue as a going concern.

The consequences of the COVID-19 outbreak have materially and adversely affected the ability to supply, as well as the demand for the Company's shows and therefore there has been a negative impact on future cashflows and operating results. There remains significant uncertainty over when social distancing measures will be lifted and public confidence in mass gatherings returns such that the company can resume its immersive entertainment performances.

The directors have instigated a range of contingency measures to mitigate the financial impact of the pandemic, including the consideration of socially-distanced revenue generating initiatives and plans to raise more capital over the next 12 months from existing/new shareholders. There is uncertainty over the timing and to what extent funding will be generated under the plans being considered by the directors.

##### 1.3 Reporting period

The financial statements are presented for the year ended 31 December 2019. The comparative amounts presented in the financial statements (including the related notes) are for the 9 month period to 31 December 2018 and are therefore not entirely comparable.

##### 1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. Turnover comprises ticket sales, food, beverage and merchandise sales and income from partners associated with performances.

Revenue from the sale of tickets is recognised in the period in which the performance to which the tickets relate occurs. Revenue in relation to food, beverage and merchandise is recognised when sold.

Revenue from partners is recognised evenly across the duration of the show to which it relates.

## SECRET GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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**1 Accounting policies** (Continued)

**1.5 Research and development expenditure**

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

**1.6 Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	Over the life of the lease
Plant and machinery	33% SL
Set and scenery costs	Over the life of the rehearsals and performance
Computer equipment	33% SL

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

**1.7 Fixed asset investments**

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

**1.8 Impairment of fixed assets**

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

**1.9 Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

**1.10 Cash and cash equivalents**

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

## SECRET GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 1 Accounting policies

(Continued)

##### 1.11 Financial instruments

The company only has financial instruments that are classified as basic financial instruments and has applied the provisions of Section 11 'Basic Financial Instruments' of FRS 102.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances and amounts due from group undertakings, are initially measured at transaction price and are subsequently carried at amortised cost using the effective interest method less impairment.

##### **Impairment of financial assets**

Financial assets are assessed for indicators of impairment at each reporting end date. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

##### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

##### **Basic financial liabilities**

Basic financial liabilities, including creditors, are initially recognised at transaction price and are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

##### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

##### 1.12 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

##### 1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

## SECRET GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2019

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1 Accounting policies

(Continued)

**Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

**Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

**1.14 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

**1.15 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

**1.16 Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

**1.17 Foreign exchange**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

## SECRET GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## FOR THE YEAR ENDED 31 DECEMBER 2019

**2 Judgements and key sources of estimation uncertainty**

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

**Critical judgements**

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

**Business Continuity**

The directors have considered the impact of COVID-19 on the business which has occurred since the balance sheet date. They believe that the Company will have sufficient cash and facilities available to it to enable it to meet its liabilities during the period of restrictions imposed by the UK Government and until the industry returns to business as usual. The Directors will access government support as needed and believe that this government support as well as other commercial facilities will be readily available if and when required to enable the Company to continue to trade as a going concern for at least 12 months from signing these financial statements.

**3 Turnover and other revenue**

An analysis of the company's turnover is as follows:

	2019	2018
	£	£
<b>Turnover analysed by class of business</b>		
Production of immersive entertainment show	15,768,942	10,750,815
	<u>15,768,942</u>	<u>10,750,815</u>
<b>Analysis per statutory database</b>	<b>15,768,942</b>	<b>10,750,815</b>
<b>Statutory database analysis does not agree to the trial balance by:</b>	-	1
	<b>2019</b>	<b>2018</b>
	£	£
<b>Other significant revenue</b>		
Interest income	16,724	6,375
	<u>16,724</u>	<u>6,375</u>
<b>4 Exceptional item</b>		
	<b>2019</b>	<b>2018</b>
	£	£
Provision for inter-company loan write down	-	1,800
	<u>-</u>	<u>1,800</u>

**SECRET GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2019****5 Operating loss**

	<b>2019</b>	<b>2018</b>
	£	£
Operating loss for the period is stated after charging/(crediting):		
Exchange losses/(gains)	19,669	(2,230)
Research and development costs	231,674	18,977
Fees payable to the company's auditor for the audit of the company's financial statements	15,000	7,378
Depreciation of owned tangible fixed assets	3,322,995	1,374,294
Profit on disposal of tangible fixed assets	-	(2,614)
Operating lease charges	314,308	199,977
	<u>                    </u>	<u>                    </u>

Exchange differences recognised in profit or loss during the Year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £19,669 (2018 - £2,230).

**6 Employees**

The average monthly number of persons (including directors) employed by the company during the Year was:

	<b>2019</b>	<b>2018</b>
	Number	Number
Administration staff	40	32
	<u>                    </u>	<u>                    </u>

Their aggregate remuneration comprised:

	<b>2019</b>	<b>2018</b>
	£	£
Wages and salaries	2,397,164	1,327,697
Social security costs	259,822	161,861
Pension costs	53,766	21,601
	<u>                    </u>	<u>                    </u>
	<u>2,710,752</u>	<u>1,511,159</u>

**7 Directors' remuneration**

	<b>2019</b>	<b>2018</b>
	£	£
Remuneration for qualifying services	421,585	360,413
Company pension contributions to defined contribution schemes	8,268	6,869
	<u>                    </u>	<u>                    </u>
	<u>429,853</u>	<u>367,282</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2018 - 3).

## SECRET GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## FOR THE YEAR ENDED 31 DECEMBER 2019

## 7 Directors' remuneration

(Continued)

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2019	2018
	£	£
Remuneration for qualifying services	231,004	165,917
Company pension contributions to defined contribution schemes	4,512	3,318
	<u>235,516</u>	<u>169,235</u>

## 8 Interest receivable and similar income

	2019	2018
	£	£
<b>Interest income</b>		
Interest on bank deposits	16,724	6,375
	<u>16,724</u>	<u>6,375</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	16,724	6,375
	<u>16,724</u>	<u>6,375</u>

## 9 Taxation

	2019	2018
	£	£
<b>Current tax</b>		
UK corporation tax on profits for the current period	(1,308,268)	(429,449)
Adjustments in respect of prior periods	-	2,682
	<u>(1,308,268)</u>	<u>(426,767)</u>
Total current tax	<u>(1,308,268)</u>	<u>(426,767)</u>

## SECRET GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## FOR THE YEAR ENDED 31 DECEMBER 2019

## 9 Taxation

(Continued)

The actual credit for the Year can be reconciled to the expected credit for the Year based on the profit or loss and the standard rate of tax as follows:

	2019 £	2018 £
Loss before taxation	(4,242,148)	(1,782,153)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	(806,008)	(338,609)
Tax effect of expenses that are not deductible in determining taxable profit	28,587	6,928
Unutilised tax losses carried forward	1,029,853	702,620
Adjustments in respect of prior years	-	2,682
Effect of change in corporation tax rate	1,053	-
Deferred tax asset/(liability) not recognised	14,351	(2,238)
Theatre tax additional adjustment	(1,510,691)	(359,758)
Theatre losses offset	-	(416,919)
Difference in theatre tax credit tax rate	(65,413)	(21,473)
Taxation credit for the period	(1,308,268)	(426,767)

## 10 Tangible fixed assets

	Leasehold improvements £	Plant and machinery £	Set and scenery costs £	Computer equipment £	Total £
<b>Cost</b>					
At 1 January 2019	21,587	89,026	-	33,296	143,909
Additions	-	-	4,050,879	23,216	4,074,095
Disposals	-	-	(2,536,117)	-	(2,536,117)
At 31 December 2019	21,587	89,026	1,514,762	56,512	1,681,887
<b>Depreciation and impairment</b>					
At 1 January 2019	3,148	34,030	-	13,271	50,449
Depreciation charged in the Year	10,794	29,601	3,267,824	14,776	3,322,995
Eliminated in respect of disposals	-	-	(2,536,117)	-	(2,536,117)
At 31 December 2019	13,942	63,631	731,707	28,047	837,327
<b>Carrying amount</b>					
At 31 December 2019	7,645	25,395	783,055	28,465	844,560
At 31 December 2018	18,439	54,996	-	20,025	93,460

## SECRET GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## FOR THE YEAR ENDED 31 DECEMBER 2019

11 Fixed asset investments	Notes	2019 £	2018 £
Investments in subsidiaries	12	2	2
		<u>2</u>	<u>2</u>
<b>Movements in fixed asset investments</b>			
			<b>Shares in group undertakings</b>
			£
<b>Cost or valuation</b>			
At 1 January 2019 & 31 December 2019			2
			<u>2</u>
<b>Carrying amount</b>			
At 31 December 2019			2
			<u>2</u>
At 31 December 2018			2
			<u>2</u>

**SECRET GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2019****12 Subsidiaries**

Details of the company's subsidiaries at 31 December 2019 are as follows:

Name of undertaking	Address	Class of shares held	% Held	
			Direct	Indirect
Rebel X Limited	1	Ordinary shares	100.00	0
Future Cinema Limited	1	Ordinary shares	100.00	0

Registered office addresses (all UK unless otherwise indicated):

1 7 Savoy Court London WC2R 0EX.

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Capital and Reserves	Profit/(Loss)
	£	£
Rebel X Limited	15,654	(1,718)
Future Cinema Limited	1	

**13 Stocks**

	2019	2018
	£	£
Finished goods and goods for resale	64,271	15,667

**14 Debtors**

	2019	2018
Amounts falling due within one year:	£	£
Trade debtors	604,397	15,848
Corporation tax recoverable	1,308,268	429,449
Amounts owed by group undertakings	3,952	-
Other debtors	141,865	33,475
Prepayments and accrued income	1,628,364	428,176
	<u>3,686,846</u>	<u>906,948</u>

## SECRET GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## FOR THE YEAR ENDED 31 DECEMBER 2019

## 15 Creditors: amounts falling due within one year

	Notes	2019 £	2018 £
Trade creditors		1,048,478	329,167
Taxation and social security		291,868	663,334
Deferred income	16	4,073,918	3,404,797
Other creditors		14,069	26,858
Accruals and deferred income		839,561	538,485
		<u>6,267,894</u>	<u>4,962,641</u>

## 16 Deferred income

	2019 £	2018 £
Other deferred income	<u>4,073,918</u>	<u>3,404,797</u>

## 17 Retirement benefit schemes

	2019 £	2018 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>53,766</u>	<u>21,601</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

## 18 Share capital

	2019 £	2018 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
100,000 Ordinary shares of 0.1p each	100	100
48,484 (2018: 72,726) A Ordinary shares of 0.1p each	48	49
183,491 (2018: 207,716) C Ordinary shares of 0.1p each	183	183
615,764 (2018: 123,152) D Ordinary shares of 0.1p each	616	616
96,899 Deferred Shares of 0.1p each	97	97
121,799 (2018: 0) F Ordinary shares of 0.1p each	122	-
55,825 (2018: 0) G Ordinary shares of 0.1p each	56	-
	<u>1,222</u>	<u>1,045</u>

## SECRET GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## FOR THE YEAR ENDED 31 DECEMBER 2019

18 Share capital	(Continued)	
	2019	2018
	£	£
<b>Preference share capital</b>		
<b>Issued and fully paid</b>		
181,818 A Preferred shares of 0.1p each	182	182
595,930 B Preferred shares of 0.1p each	596	596
	<u>778</u>	<u>778</u>
	<u>778</u>	<u>778</u>
Preference shares classified as equity	778	778
	<u>778</u>	<u>778</u>
<b>Total equity share capital</b>	<u>2,000</u>	<u>1,823</u>

The company has allotted the following shares during the financial year:

121,799 0.1p F Ordinary shares at par (consideration £122)  
55,825 0.1p G Ordinary shares at par (consideration £56)

19 Share premium account	2019	2018
	£	£
At the beginning of the Year	13,098,588	9,099,065
Issue of new shares	-	3,999,523
	<u>13,098,588</u>	<u>13,098,588</u>
At the end of the Year	13,098,588	13,098,588
	<u>13,098,588</u>	<u>13,098,588</u>
<b>20 Capital redemption reserve</b>		
	2019	2018
	£	£
At the beginning and end of the Year	24	24
	<u>24</u>	<u>24</u>

## SECRET GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## FOR THE YEAR ENDED 31 DECEMBER 2019

**21 Profit and loss reserves**

	2019	2018 as restated
	£	£
At the beginning of the Year	(8,129,883)	(6,816,190)
Prior year adjustment	(41,693)	-
As restated	(8,171,576)	(6,816,190)
Loss for the Year	(2,933,880)	(1,355,386)
At the end of the Year	(11,105,456)	(8,171,576)

**22 Operating lease commitments****Lessee**

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2019	2018
	£	£
Within one year	93,862	132,710
Between two and five years	-	94,114
	93,862	226,824

**23 Events after the reporting date**

Since 31 December 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown.

The Company has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended 31 December 2019 have not been adjusted to reflect their impact.

One of the key impacts on the company resulting from social distancing measures in response to the pandemic has been to disrupt the company's production schedule.

The duration of this, as well as the effectiveness of government and central bank responses to this pandemic, remains unclear at this time and it is not possible to reliably estimate the longevity and severity of these consequences, including their impact on the financial position and results of the company for future periods.

## SECRET GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## FOR THE YEAR ENDED 31 DECEMBER 2019

## 24 Related party transactions

## Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2019	2018
	£	£
Aggregate compensation	419,256	360,413

The company has taken advantage of paragraph 33.1A of FRS 102 which states that disclosures need not be given of transactions that have taken place between two or more members of group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Monitoring fees and recharged costs totalling £78,196 (2018 - £46,875) were paid through Active Private Equity Advisory LLP. A shareholder of Active Private Equity Advisory LLP is also a shareholder of Secret Group Limited.

## 25 Directors' transactions

During the period directors were paid £51,834 (2018 - £26,415) through Socarrat Advisers Limited. A director of Socarrat Advisers Limited is also a director Secret Group Limited.

## 26 Cash (absorbed by)/generated from operations

	2019	2018
	£	£
Loss for the Year after tax	(2,933,880)	(1,355,386)
<b>Adjustments for:</b>		
Taxation credited	(1,308,268)	(426,767)
Investment income	(16,724)	(6,375)
Gain on disposal of tangible fixed assets	-	(2,614)
Depreciation and impairment of tangible fixed assets	3,322,995	1,374,294
<b>Movements in working capital:</b>		
(Increase)/decrease in stocks	(48,604)	58,460
(Increase)/decrease in debtors	(1,901,079)	1,854,725
Increase/(decrease) in creditors	636,132	(245,490)
Increase in deferred income	669,121	346,285
<b>Cash (absorbed by)/generated from operations</b>	<b>(1,580,307)</b>	<b>1,597,132</b>

## 27 Analysis of changes in net funds

	1 January 2019	Cash flows	31 December 2019
	£	£	£
Cash at bank and in hand	8,875,423	(5,208,052)	3,667,371

## SECRET GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## FOR THE YEAR ENDED 31 DECEMBER 2019

**28 Prior period adjustment**

The directors have considered the latest advice on the accounting for costs incurred in the production of the company's shows.

Costs which represent assets for the continuing use of the company are capitalised and depreciated over their useful life which is the run time for each show.

Other costs are released to the profit and loss account in accordance with when the company receives the benefit of the goods or services provided. Any amounts not recognised are carried within the Balance Sheet as prepayments.

In previous periods the full cost of productions were treated as work in progress and released to the profit and loss account evenly over the number of respective performances.

**Changes to the balance sheet**

	As previously reported at 31 Dec 2018 £	Adjustment £	As restated at 31 Dec 2018 £
<b>Current assets</b>			
Stocks	296,418	(280,751)	15,667
Debtors due within one year	667,890	239,058	906,948
Net assets	4,970,552	(41,693)	4,928,859
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Capital and reserves</b>			
Profit and loss	(8,129,883)	(41,693)	(8,171,576)
	<u>                    </u>	<u>                    </u>	<u>                    </u>

**Changes to the profit and loss account**

	As previously reported £	Adjustment £	As restated £
<b>Period ended 31 December 2018</b>			
Cost of sales	(9,973,719)	(41,693)	(10,015,412)
Loss for the financial period	(1,313,693)	(41,693)	(1,355,386)
	<u>                    </u>	<u>                    </u>	<u>                    </u>

